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CENTRAL INTELLIGENCE AGENCY

REPORT

INFORMATION REPORT

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COUNTRY Yugoslavia

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1. The Yugoslav Government anticipates an increase in peasant hoarding and factory unemployment. With the termination of present United States aid in the near future, Yugoslavia, despite its anticipation of a good harvest, will face another crisis because of the lack of raw materials for its factories. The government is presently releasing factory workers since it has no available funds for the purchase of vital machinery, equipment and raw materials such as scrap iron, high grade coal and cotton. Textiles and consumer goods are urgently needed to stimulate the sale of produce by the peasants who find little to purchase and prices high.
2. Rumors concerning the revival of private enterprise, however, are false and reflect Cominform propaganda or wishful thinking. The Yugoslav Government is hopeful that the collectives shortly will have gained the foreign contacts and experience necessary to handle their own purchases. Any toleration of the use of commercial "middlemen" will merely be a transitory condition.
3. The government believes the people will become more independent of Central Planning through education in self-government and through the encouragement of collective agricultural and industrial enterprises. Central Planning presently continues because of a lack of funds for regional needs and because the Workers Councils lack the objectivity to grasp Yugoslavia's overall requirements. But the government desires neither "tyrannical bureaucracy" nor capitalism.

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- 2 -

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5. The Yugoslav Government, despite its internal problems, has no intention of returning to the capitalistic system but it wishes to create friendly relations with western peoples, especially with Americans and the United States Government. In this regard a greater influx of tourist traffic and American visitors in particular is believed to be of great importance.